

FORM 7
(Rev. 12/94)

FORM 7. STATEMENT OF FINANCIAL AFFAIRS

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In Re: SPEHART, INC.

(name)

Debtor

Case No. _____

(If known)

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs.

Questions 1 - 15 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 16 - 21. **If the answer to any question is "None," or the question is not applicable, mark the box labeled "None."** If additional space is needed for the answer to any questions, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within the two years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or person in control of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or a person in control; officers, directors, and any person in control of corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 110(30).

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE (if more than one)

\$00.00	2003
\$00.00	2002 (3/01/02 through 2/28/03)
\$504,370	2001 (3/01/01 through 2/28/02)

2. Income other than from employment or operation of business

None

☐ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE (if more than one)
\$2,642	8/03 workers compensation premium rebate
\$165	7/03 OC District Attorney insufficient check restitution
\$850	3/03 Deductible refund on insurance claim for water damage/business interruption
\$16,186	2003 Payments on insurance claim for water damage/business interruption (dates of loss 2000-2001)
\$3,351	2002 Payments on insurance claim for water damage/business interruption (dates of loss 2000-2001)

3. Payment to creditors

None

☐ a. List all payments on loans, installment purchases of goods or services, and other debts, aggregating more than \$600 to any creditor, made within **90 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
A Low Cost Storage 4200 Westminster Ave Santa Ana, CA 92703	11/10/03	\$747	\$249 per month beginning 12/01/03
Mail Boxes Etc. 27068 La Paz Rd. Aliso Viejo, CA 92656	11/10/03	\$66	\$22 per month beginning 12/01/03
Ladd Lonquist Manly & McGuire 555 Anton Blvd. #1200 Costa Mesa, CA 92626	11/10/03	\$975	\$00.00
Pamela Karger 28241 Crown Valley Pkwy, F-610 Laguna Niguel, CA 92677	11/10/03	\$854	\$00

None

- ☒ b. List all payments made within **one year** immediately preceding the commencement of this case to or for creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
--	----------------------	----------------	-----------------------

4. Suits and administrative proceedings, executions, garnishments and attachments

None

- ☐ a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
Atlas Distribution #02-K08329	Collection	CA Superior Court – LA	Judgment entered
Charter Adjustment Corp. #02-K07563 #02-K06469	Collection	CA Superior Court – LA	Judgments entered
Lanospeed recrods #02-C00804	Collection	CA Superior Court – LA	Judgment entered
LA Commercial Group #02-K07007	Collection	CA Superior Court – LA	Judgment entered
Melrose Enterprises 02-402471	Store Lease default	CA Superior Court – LA	Judgment entered

None

- ☒ b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
--	--------------------	---

5. Repossessions, foreclosures and returns

None

☒ List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF CREDITOR OR SELLER

DATE OF REPOSSESSION,
FORECLOSURE SALE,
TRANSFER OR RETURN

DESCRIPTION
AND VALUE OF
PROPERTY

6. Assignments and receiverships

None

☒ a. Describe any assignment of property for the benefit of creditors made within 120 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF ASSIGNEE

DATE OF
ASSIGNMENT

TERMS OF
ASSIGNMENT
OR SETTLEMENT

☒ b. List all property which has been in the hands of a custodian, receiver, or a court-appointed official within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF CUSTODIAN

NAME AND LOCATION
OF COURT
CASE TITLE & NUMBER

DATE OF
ORDER

DESCRIPTION
AND VALUE OF
PROPERTY

7. Gifts

None
☒

List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than the value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
--	--------------------------------------	-----------------	-------------------------------------

8. Losses

None
☒

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case or since the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
--------------------------------------	--	-----------------

9. Payments related to debt counseling or bankruptcy

None
☐

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys for consultation concerning debt consolidation, relief under the bankruptcy law or in the preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYER IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
Pamela Karger 28241 Crown Valley Pkwy F-610 Laguna Niguel, CA 92677	1/14/02	\$ 2,700
	11/10/03	\$ 854

10. Other transfers

None

☐ a. List all other property, other than property transferred in the ordinary course of business or financial affairs of the debtor, transferred either absolutely or as security within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
Ladd Lonquist	10/03	\$975
Manly & McGuire	1/03	1,191
555 Anton Blvd, #1200	10/02	828
Costa Mesa, CA 92629		legal services
Landspeed Records	01/03	\$6,161
39 Broad St.		settle of entered judgment
Quincy, MA 02169		
Melrose Enterprises	01/03	\$10,025
1801 Ave of Start #421		settle of entered judgment
Los Angeles CA 90067		

11. Closed financial accounts

None

☐ List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within one year immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning account of instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE AND NUMBER OF ACCOUNT AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
Harbor National Bank	Checking Acct	12/03/01 \$32.25
PO Box 1000	#1529315	
Dana Point, CA 92629		5/20/02 \$00.00
	#1541099	
Bank of America	Checking Acct	3/11/02 \$00.00
PO Box 3530	#21511-10909	
Rancho Cordova, CA 95741-3530		

12. Safe deposit boxes

None



List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencements of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF BANK OR
OTHER DEPOSITORY

NAMES AND ADDRESSES OF
THOSE WITH ACCESS TO
THE BOX OR DEPOSITORY

DESCRIPTION OF
CONTENTS

DATE OR
TRANSFER OR
SURRENDER,
IF ANY

13. Setoffs

None



List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR

DATE OF
SETOFF

AMOUNT OF
SETOFF

14. Property held for another person

None



List all property of another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER

DESCRIPTION AND
VALUE OF PROPERTY

LOCATION OF PROPERTY

Consignment merchandise

Various small lots of
merchandise
(CDs, albums, clothing)

4200 Westminster Ave
Units D3 and D4
Santa Ana, CA 92703

15. Prior address of debtor

None

☐ If the debtor has moved within the **two years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
1045 Westminster Mall Westminster, CA 92683	Spehart, Inc. DBA Ike's	3/89 to 8/01
7516 Melrose Ave Los Angeles, CA 90046	Spehart, Inc. DBA 24/7	6/00 to 2/28/02

The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within the **two years** immediately preceding the commencement of this case, any of the following; an officer, director, managing executive, or owner of more than 5 percent of the voting securities of a corporation; a partner, other than a limited partner, of a partnership; a proprietor or otherwise self-employed.

(An individual or a joint debtor should complete this portion of the statement only if the debtor is or has been in business, as defined above, within the two years immediately preceding the commencement of this case.)

16. Nature, location and name of business

None

- ☐ a. If the debtor is an individual, list the names and addresses of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, sole proprietorship, or was a self-employed professional within **two years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within the **two years** immediately preceding the commencement of this case.
- b. If the debtor is a partnership, list the names and addresses of all businesses in which the debtor was a partner or owned 5 percent or more of the voting securities, within the **two years** immediately preceding the commencement of this case.
- c. If the debtor is a corporation, list the names and addresses of all businesses in which the debtor was a partner or owned 5 percent or more of the voting securities within the **two years** immediately preceding the commencement of this case.

NAME	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES OF OPERATION
Spehart, Inc. DBA Ike'	1045 Westminster Mall Westminster, CA 92683	Retail merchandise	3/89 to 2/02
	7516 Melrose Ave Los Angeles, CA 90046		

17. Books, records and financial statements

None
☐

a. List all bookkeepers and accountants who within the **six years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of the books of account and records of the debtor.

NAME AND ADDRESS

DATES SERVICES RENDERED

Veronica Burkhalter (bookkeeper)
1103 Visalia Dr.
Costa Mesa, CA 92626

1990-present

Norman Zaslow CPA
12760 Highbluff Dr, Ste 280
San Diego, CA 92130

1989 – present

None
☒

b. List all firms or individuals who within the **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME AND ADDRESS

DATES SERVICES RENDERED

None
☐

c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME

ADDRESS

Veronica Burkhalter (bookkeeper)

1103 Visalia Dr.
Costa Mesa, CA 92626

Norman Zaslow CPA

12760 Highbluff Dr, Ste 280
San Diego, CA 92130

Mike Spehart

27068 La Paz Rd, PMB 483
Aliso Viejo, CA 92656

None
☒

d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued within the **two years** immediately preceding the commencement of this case by the debtor.

NAME AND ADDRESS

DATE ISSUED

18. Inventories

None
☐

a. List the dates of the last two inventories taken of your property, the name of the person who supervise the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY	INVENTORY SUPERVISOR	DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis)
1/30/02	Mike Spehart	Cost Value at \$ 37,936
2/28/01	Mike Spehart	Cost Value at \$171,736

None
☐

b. List the name and address of the person having possession of the records of each of the two inventories reported in a., above.

DATE OF INVENTORY	NAME AND ADDRESS OF CUSTODIAN OF INVENTORY RECORDS
1/30/02	Mike Spehart
2/28/01	27068 La Paz Rd, PMB 483 Aliso Viejo, CA 92656

19. Current Partners, Officers, Directors and Shareholders

None
☒

a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS	NATURE OF INTEREST	PERCENTAGE OF INTEREST
------------------	--------------------	------------------------

None

☐

b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting securities of the corporation.

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP
Mike Spehart 27068 La Paz Rd, PMB 483 Aliso Viejo, CA 92656	President, Treasurer	Common stock 50%
Leigh Spehart 27068 La Paz Rd, PMB 483 Aliso Viejo, CA 92656	Vice President, Secretary	Common stock 50%

20. Former partners, officers, directors and shareholders

None

☒

a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL
------	---------	--------------------

None

☒

b. If the debtor is a corporation, list all officers or directors whose relationship with the corporation terminated within **one year** immediately preceding this case.

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
------------------	-------	---------------------

21. Withdrawals from a partnership or distributions by a corporation

None

☒ If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT,
RELATIONSHIP TO DEBTOR

DATE AND PURPOSE OF
WITHDRAWAL

AMOUNT OF MONEY OR
DESCRIPTION AND
VALUE OF PROPERTY

* * * * *

[If completed by an individual or individual and spouse]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct.

Date _____

Signature _____
of Debtor

Date _____

Signature _____
of Joint Debtor
(if any)

CERTIFICATION AND SIGNATURE OF NON-ATTORNEY BANKRUPTCY PETITION PREPARER (See 11 U.S.C. § 110)

I certify that I am a bankruptcy petition preparer defined in 11 U.S.C. § 110, that I prepared this document for compensation, and that I have provided the debtor with a copy of this document.

Printed or Typed Name of Bankruptcy Petition Preparer

Social Security No.

Address

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document:

If more than one person prepared this document, attach additional signed sheets conforming to the appropriate Official Form for each person.

X

Signature of Bankruptcy Petition Preparer

Date

A bankruptcy petition preparer's failure to comply with the provisions of title II and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment. 11 U.S.C. § 110; 18 U.S.C. § 156.

[If completed on behalf of a partnership or corporation]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date December 11, 2003

Signature Michael J. Spehart

SPEHART, INC.
Michael J. Spehart, President

Print Name and Title

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]